WATERMILL ApS

Nordlundvej 1

DK-7330 Brande

Reg. no. 35 02 42 71

Annual Report for 2022

(10th Financial Year)

The Annual Report has been presented and adopted at the Company's Annual General Meeting on 3 August 2023

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Jesper Roe

CONTENTS

STATEMENT BY THE BOARD OF DIRECTORS AND EXECUTIVE BOARD

The Board of Directors and the Executive Board have today discussed and approved the annual report of Watermill ApS for the financial year 1 January - 31 December 2022.

The annual report has been prepared in accordance with the Danish Financial Statements Act.

In our opinion, the consolidated and the parent company financial statements give a true and fair view of the Group's and the Company's financial position at 31 December 2022 and of the results of the Group's and the Company's operations and consolidated cash flows for the financial year 1 January - 31 December 2022.

Furthermore, in our opinion, Management's review includes a fair review of the development in the Group's and the Company's operations and financial circumstances, of the results for the year and of the financial position of the Group and the Company.

We recommend that the annual report be approved at the annual general meeting.

Brande, 3 August 2023

EXECUTIVE BOARD

Jesper Roe

BOARD OF DIRECTORS

Arvind Kumar Vij (Chairman)	Jesper Roe

Tim Lund Larsen

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of Watermill ApS

Opinion

We have audited the Consolidated Financial Statements and the Annual Financial Statements of the Company of Watermill ApS for the financial year 1 January - 31 December 2022, which comprise income statement, Balance Sheet, statement of changes in equity, notes and a summary of significant accounting policies for both the Group and the Parent Company, as well as consolidated statement of cash flows for the Group. The Consolidated Financial Statements and the Annual Financial Statements of the Company are prepared in accordance with the Danish Financial Statements Act.

In our opinion, the Consolidated Financial Statements and the Annual Financial Statements of the Company give a true and fair view of the assets, liabilities and financial position of the Group or the Company at 31 December 2022 and of the results of the Group and the Parent Company's operations as well as the consolidated cash flows of the Group for the financial year 1 January - 31 December 2022 in accordance with the Danish Financial Statements Act.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) and the additional requirements applicable in Denmark. Our responsibilities under those standards and requirements are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company" section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), together with the ethical requirements that are relevant to our audit of the financial statements in Denmark, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Material uncertainty relating to Going Concern

We point out that there is uncertainty that can raise doubts about the company's ability to continue operations. We refer to the note "Continuing operations" in the annual report. The potential impact on the Company's activity and financial impact on the business is expressed with some uncertainty. Management has chosen to present the accounts on the assumption of going concern. Our conclusion is not modified regarding this matter.

INDEPENDENT AUDITOR'S REPORT (continued)

Management's Responsibilities for the Consolidated Financial Statements and the Annual Financial Statements of the Company

Management is responsible for the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that give a true and fair view in accordance with the Danish Financial Statements Act and for such Internal control as Management determines is necessary to enable the preparation of Consolidated Financial Statements and the Annual Financial Statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company, Management is responsible for assessing the Group's and the Parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company unless Management either intends to liquidate the Group or the Company or to cease operations, or has no realistic alternative but to do so.

Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements and the Parent Company Financial Statements

Our objectives are to obtain reasonable assurance about whether the Consolidated Financial Statements and the Annual Financial Statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Consolidated Financial Statements and the Annual Financial Statements of the Company.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit conducted in accordance with ISAs and the additional requirements applicable in Denmark, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Consolidated Financial Statements and the Annual Financial Statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Parent Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting in preparing the Consolidated Financial Statements and the Annual Financial Statements of the Company and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Parent Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Consolidated Financial Statements and the Annual Financial Statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and the Parent Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and contents of the Consolidated Financial Statements and the Annual Financial Statements of the Company, including the disclosures, and whether the Consolidated Financial Statements and the Annual Financial Statements of the Company represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the Consolidated Financial Statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

Statement on Management Commentary

Management is responsible for Management Commentary.

Our opinion on the Consolidated Financial Statements and the Annual Financial Statements of the Company does not cover Management Commentary, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Consolidated Financial Statements and the Annual Financial Statements of the Company, our responsibility is to read Management Commentary and, in doing so, consider whether Management Commentary is materially inconsistent with the Consolidated Financial Statements and the Annual Financial Statements of the Company or our knowledge obtained during the audit, or otherwise appears to be materially misstated.

Moreover, it is our responsibility to consider whether Management Commentary provides the information required under the Danish Financial Statements Act.

Based on the work we have performed, we conclude that Management Commentary is in accordance with the Consolidated Financial Statements and the Annual Financial Statements of the Company and has been prepared in accordance with the requirements of the Danish Financial Statements Act. We did not identify any material misstatement of Management Commentary.

Vejle, 3 August 2023

BDO

Statsautoriseret revisionsaktieselskab

Reg. no. 20 22 26 70

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Kristian Frost Vingum

State Authorised Public Accountant

MNE no. mne36183

COMPANY DETAILS

The Company:
Watermill ApS
Nordlundvej 1
DK-7330 Brande
Phone: +45 96 42 42 42
Fax: +45 97 18 18 98
Website: www.btxgroup.dk
Email: info@btx.dk

Board of Directors:
Arvind Kumar Vij (Chairman)
Jesper Roe
Tim Lund Larsen

Executive Board:
Jesper Roe

Shareholders according to the Danish Companies Act:
Grow Capital Global Holdings Pte. Ltd. Singapore, which is ultimately owned by Arvind Kumar Vij, Great Britain and Ajay Kumar Vij, India.

Group relations:
Watermill ApS (CVR no. 35 02 42 71) is the ultimate parent company of the Danish Group.

The registered office of Watermill ApS is the Municipality of Ikast-Brande.

Auditors:
BDO Statsautoriseret revisionsaktieselskab
Roms Hule 4, 1st floor
DK-7100 Vejle

Bankers:
Sydbank

Consolidated financial highlights

	2022	2021	2020	2019	2018
Key figures					
Income statement in DKKm					
Revenues	285	238	263	335	387
Gross profit	64	55	50	82	88
Operation profit/loss before financial income and tax (EBIT)	94	-9	-25	-6	-112
Profit from financial income and expenses	-11	-10	-9	-6	-9
Profit/loss	78	-14	-41	-10	-119
Balance sheet in DKKm					
Total assets	636	85	98	121	179
Hereof for investment in property, plant and equipment	0	0	1	2	5
Equity	-38	-112	-110	-59	-46
Working capital 1)	-48	9	19	33	30
Net interest-bearing debt	80	125	132	116	111
Ratios					
Gross margin ratio	22.3%	23.0%	19.1%	24.6%	22.7%
EBIT margin	32.9%	-3.6%	-9.5%	-1.8%	-29.0%
Equity ratio	-6.0%	-131.6%	-112.0%	-49.0%	-25.9%
Return on invested capital	26.1%	-8.2%	-22.7%	-4.1%	-49.3%

1) Hedging transactions are not included.

The financial ratios are calculated in accordance with the Danish Society of Financial Analysts' guidelines.

MANAGEMENT'S REVIEW

THE GROUP

Consolidated

The consolidated financial statements comprise the operating company Watermill ApS and its subsidiaries.

Principal activities of the Group

The principal activities are design, purchase and sale of products in the apparel industry. Products are bought in the Far East as well as in Europe and they are sold primarily in the European markets. The Company sells fashion to women.

Development in activities and financial position

The business is seeing a recovery from COVID and the aftermath of COVID, but these topics were, however, the headline of year 2022. Year 2022 was negatively impacted by disrupted supply chains, increased (freight) costs etc., which had a bigger impact on our business than we had anticipated. It has been a year, where managing supply chains were first priority and albeit a lot of effort were put into it, the impact of the disruption was tangible. Towards the end of the year we saw, however, an easing in logistics related disruptions.

Operating profit before interest and tax (EBIT) were DKK 94 million, which are an improvement compared to last year of DKK 102 million. The balance sheet have been significantly strengthened. The improvement primarily comprises of negative goodwill related to acquisition of activities.

Sales grew by 20% to DKK 285 million and operating profit adjusted for acquisition of activities improved by DKK 9 million. It is management assessment that ignoring the aforementioned logistic issues, operating profit would had been further improved by DKK 8 million.

The result for the year ended at DKK 78 million. Main drivers from EBIT of DKK 94 million to result after tax are increased interests and a revaluation of tax asset.

On 31/12-22 the group became majority owner of the Italian retail chain, Conbipel, who has +100 stores in their portfolio. Not only will Conbipel be a subsidiary of BTX Group A/S, but it also offers an opportunity for BTX Group A/S to sell products to the group. The store chain is owned by the company BTX Italian Retail and Brands S.r.l. of which BTX Group A/S owns 51% of the shares via our subsidiary Eapparels Ltd.. Due to the ownership structure, banking arrangement, liquidity and such are managed independently of BTX Group A/S.

At the end of 2022, the Group had 1.132 employees, which is an increase of 1.000 compared to the end of 2021. The increase is attributed to the stake in Conbipel mentioned above.

MANAGEMENT'S REVIEW (continued)

Profit/loss for the year compared to the expected development

Adjusted for acquisitions of activities the result for the year was DKK -13 million, which was lower than expected in prior report. If the impact of the logistic markets and revaluation of tax asset were ignored, the development is in line with the expected improvement in earnings, as expressed in 2021 report.

Important events after the end of the financial year

There are no important events after the reporting period to be disclosed.

Financial risk

The Group is exposed to currency fluctuations with respect to both purchases and sales, particularly fluctuations in USD, NOK and SEK. To reduce the effect of currency risk and to ensure predictability in financial forecasts and avoid surprises on this account, the Group does hedging of the 3 currencies. Strategy and process is defined in a written company policy where the target is to eliminate 95% of the calculated risk for each of the 3 currencies.

Particular risks

It is management's opinion that the Group is not influenced by any particular risks apart from those characteristic for the industry. The Group operates in a segment that is sensitive to market fluctuations; the financial conditions caused by recession in the macro economies in Europe and changed purchasing conditions in the Far East are particularly hard to predict, which has been confirmed by latest challenges in 2022 in the global supply chains and price increases.

Environmental situation

The Group is developing its code of conduct and related follow-up processes, which are to ensure, among other things, that suppliers live up to the Group's requirements concerning human rights, social and environmental conditions, etc. The group's code of conduct can be downloaded at http://www.btx-group.com.

Knowledge resources

It is the objective of the Group to continue being an attractive place to work and thereby be able to attract and retain highly qualified employees. Through education, training, delegation of duties, clear distribution of responsibilities and targeted efforts, the Group intends to further develop the skills and competencies of its staff on a continuous basis.

MANAGEMENT'S REVIEW (continued)

Outlook

In spite of a normalised and more stable global supply chains, management expects markets to remain soft in 2023 as e.g. inflation imposes continued uncertainty in the financial markets. Ignoring the impact of negative goodwill from acquisition of activities in 2022, management currently expects an improvement in result for the year of DKK 5-10 million, as integration and improvement initiatives are being implemented in 2023 in relation to BTX Italian Retail and Brands S.r.l..

The Company operates with a 12 month bank facility agreement that expires end November. The facility agreement is up for renewable once a year next time in November 2023. With the expected earnings in 2023, management feel comfortable to have sufficient liquidity throughout the year.

As previously mentioned, due to the ownership structure, banking arrangement and liquidity is managed independently of BTX Group A/S. BTX Italian Retail and Brands S.r.l. was acquired without any financial facilities. Financial facility agreement in BTX Italian Retail and Brands S.r.l. is currently in process. It has been a protracted process due to newly incorporation, changed financial year etc.. The process is close to finalisation and is expected to be completed within few weeks from signing of the annual report 2022, but it is still not secured.

The Company’s foreign branches

The Group has no foreign branch offices.

ACCOUNTING POLICIES

The annual report of the Watermill ApS for 2022 has been prepared in accordance with the provisions applying to reporting class C mid enterprises with a few options from C large under the Danish Financial Statements Act.

Consolidated financial statements

The consolidated financial statements comprise the parent company, Watermill ApS, and subsidiaries in which Watermill ApS directly or indirectly holds more than 50% of the voting rights or which it, in some other way, controls.

On consolidation, intra-group income and expenses, shareholdings, intra-group balances and dividends, and realised and unrealised gains on intra-group transactions are eliminated.

Investments in subsidiaries are set off against the proportionate share of the subsidiaries' fair value of net assets or liabilities at the acquisition date.

Business combinations

Enterprises acquired or formed are recognised in the consolidated financial statements from the date of acquisition or formation. Enterprises disposed of are recognised in the consolidated income statement until the date of disposal. Comparative figures are not restated for acquisitions or disposals.

Gains or losses on disposal of subsidiaries are stated as the difference between the sales amount and the carrying amount of net assets at the date of disposal including non-amortised goodwill and anticipated disposal costs.

Acquisitions of enterprises are accounted for using the purchase method, according to which identifiable assets and liabilities of the acquired enterprises are measured at their fair values at the date of acquisition. Provision is made for costs related to adopted and announced plans to restructure the acquired enterprise in connection with the acquisition. Allowance is made for the tax effect of revaluations made.

Any excess of the cost over the fair value of the identifiable assets and liabilities acquired (goodwill), including restructuring provisions, is recognised as intangible assets and amortised on a systematic basis in the income statement based on an individual assessment of the useful life of the asset, not exceeding 20 years. Any excess of the fair values of the identifiable assets and liabilities acquired over the cost of the acquisition (negative goodwill), representing an anticipated adverse development in the acquired enterprises, is recognised in the balance sheet as deferred income and recognised in the income statement as the adverse development is realised. Negative goodwill not related to any anticipated adverse development is recognised in the balance sheet at an amount corresponding to the fair value of non-monetary assets. The amount is subsequently recognised in the income statement over the average useful lives of the non-monetary assets.

ACCOUNTING POLICIES (continued)

Goodwill and negative goodwill arising on acquisition can be adjusted until the end of the year after the acquisition.

December 31st 2022 the group became majority owner with 51% of BTX Italian Retail and Brands S.r.l., Milan, Italy. The activities of the enterprise consist of an Italian retail chain, Conbipel, who has +100 stores in their portfolio. Negative differences (negative goodwill) amounts to DKK 94m and is recognised in the income statement at the acquisition date.

Foreign currency translation

On initial recognition, transactions denominated in foreign currencies are translated at the exchange rates at the transaction date. Foreign exchange differences arising between the exchange rates at the transaction date and at the date of payment are recognised in the income statement as financial income or financial expenses.

Receivables, payables and other monetary items denominated in foreign currencies are translated at the exchange rates at the balance sheet date. The difference between the exchange rates at the balance sheet date and at the date at which the receivable or liability arose or was recognised in the latest annual report is recognised in the income statement as financial income or financial expenses.

Foreign subsidiaries are considered separate entities. The income statements are translated at average exchange rates for the months, and the balance sheet items are translated at the exchange rates at the balance sheet date. Foreign exchange differences arising on translation of the opening equity of foreign subsidiaries at the exchange rates at the balance sheet date and on translation of the income statements from average exchange rates to the exchange rates at the balance sheet date are recognised directly in equity.

Foreign exchange adjustments of intra-group balances with independent foreign subsidiaries which are considered part of the investment in the subsidiary are recognised directly in equity. Foreign exchange gains and losses on the portion of loans and derivative financial instruments designated as hedges of foreign subsidiaries are also recognised directly in equity.

On recognition of foreign subsidiaries, which are integral entities, monetary items are translated at the exchange rates at the balance sheet date. Non-monetary items are translated at the exchange rates at the acquisition date or at the date of any subsequent revaluation or impairment of the asset. Income statement items are translated at the exchange rates at the transaction date, although items derived from non-monetary items are translated at the historical exchange rates applying to the non-monetary items.

ACCOUNTING POLICIES (continued)

Derivative financial instruments

Derivative financial instruments are initially recognised in the balance sheet at cost and are subsequently measured at fair value. Positive and negative fair values of derivative financial instruments are included in other receivables and payables, respectively.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of the fair value of a recognised asset or liability are recognised in the income statement together with any changes in the fair value of the hedged asset or liability.

Changes in the fair value of derivative financial instruments designated as and qualifying for recognition as a hedge of future assets or liabilities are recognised as other receivables or other payables and in equity until the hedged transaction is realised. If the hedged forecast transaction results in the recognition of assets or liabilities, amounts recognised in equity are transferred to the cost of the asset or liability, respectively. If the hedged forecast transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects profit or loss.

For derivative financial instruments that do not qualify for hedge accounting, changes in fair value are recognised in the income statement as financial income and expenses.

Changes in the fair value of derivative financial instruments used to hedge net investments in independent foreign subsidiaries are recognised directly in equity.

Income statement

Revenue

Revenue from the sale of goods is recognised in the income statement provided that delivery and transfer of risk to the buyer have taken place before year end and that the income can be reliably measured and is expected to be received. Revenue is measured ex VAT less returned goods, bonuses and discounts in relation to the sale.

Cost of sales

Cost of sales includes costs incurred in generating the revenue for the year. It also includes direct and indirect costs of raw materials and consumables.

Other external costs

Other external expenses comprise costs of sale, advertising, administration, premises, bad debts, costs of operating leases, etc.

ACCOUNTING POLICIES (continued)

Staff costs
Staff costs include wages and salaries, including holiday pay and pensions as well as other social security costs etc. for the Group's and the Company's employees. Staff costs are stated less reimbursements received from public authorities.

Other operating income
Other operating income comprises items secondary to the activities of the Company, including gains on sale of intangible assets and property, plant and equipment.

Other operating costs
Other operating costs comprise items secondary to the activities of the Group and the Company, including loss on sale of intangible assets and property, plant and equipment.

Income from investment investments in group enterprises
The income statement of the parent company recognises the proportional share of the results of each subsidiary after full elimination of intercompany profits/losses and deduction of amortisation of goodwill

Financial income and expenses
Financial income and expenses include interest income and expense, financial costs incurred on finance leases, realised and unrealised gains and losses on securities, debt and transactions denominated in foreign currencies, amortisation of financial assets and liabilities as well as surcharges and refunds under the on-account tax scheme, etc. Financial income and expense are recognised at the amounts relating to the financial year.

Tax on profit/loss for the year
Watermill ApS is jointly taxed with all wholly-owned Danish subsidiaries. The current Danish corporation tax is allocated in connection with the settlement of joint tax contributions between the jointly taxed Danish companies in proportion to their taxable income (full distribution of tax with refunds for tax losses). The jointly taxed companies are taxed under the on-account tax scheme.

Tax for the year comprises current tax and changes in deferred tax for the year. The tax expense relating to the profit/loss for the year is recognised in the income statement, and the tax expense relating to changes directly recognised in equity is recognised directly in equity.

ACCOUNTING POLICIES (continued)

Balance sheet

Intangible assets

Goodwill

Goodwill is amortised over its estimated useful life determined on the basis of Management's experience of the specific business areas. Goodwill is amortised on a straight-line basis over the amortisation period which is 3-5 years. The amortisation period is determined based on the expected repayment period and is longest for strategically acquired enterprises with strong market positions and long-term earnings profiles.

Acquired intellectual property rights

Acquired intellectual property rights are measured at cost less accumulated amortisation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers, and wages and salaries.

Intangible assets are amortised on a straight-line basis over the expected useful lives of the assets.

Acquired intellectual property rights	3-5 years

Property, plant and equipment

Land and buildings, fixtures and fittings, other plant and equipment are measured at cost less accumulated depreciation and impairment.

Cost comprises the purchase price and any costs directly attributable to the acquisition until the date when the asset is available for use. Where individual components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items, which are depreciated separately.

Property, plant and equipment are depreciated on a straight-line basis over the expected useful lives of the assets.

Land and buildings	30-40 years
Fixtures and fittings, other plant and equipment	3-5 years

ACCOUNTING POLICIES (continued)

Leases

Leases for non-current assets that transfer substantially all the risks and rewards incident to ownership to the Group are initially recognised in the balance sheet at the lower of fair value and the net present value of future lease payments. For the calculation of the net present value, the interest rate implicit in the lease or the Group's alternative borrowing rate is used as discount rate. Assets held under finance leases are subsequently depreciated as the Group's other non-current assets.

The capitalised residual lease obligation is recognised in the balance sheet as a liability, and the interest element of the lease payment is recognised in the income statement over the term of the lease.

All other leases are classified as operating leases. Services related to operating leases and other lease contracts are recognised in the income statement over the term of the contract. The Group's total liabilities regarding operating leases and lease agreements are disclosed as contingent liabilities, etc.

Investments in subsidiaries

Investments in subsidiaries are measured according to the equity method.

Investments in subsidiaries are measured at the proportionate share of the enterprises' net asset values calculated in accordance with the Group's accounting policies minus or plus unrealised intra-group profits and losses plus or minus any residual value of positive or negative goodwill determined in accordance with the acquisition method.

Investments in subsidiaries with negative net asset values are measured at DKK 0 (nil), and any amounts owed by such enterprises are written down if the amount owed is irrecoverable. If Watermill ApS has a legal or constructive obligation to cover a deficit that exceeds the amount owed, the remaining amount is recognised under provisions.

Net revaluation of investments in subsidiaries is recognised in the reserve for net revaluation in equity under the equity method to the extent that the carrying amount exceeds cost. Dividends from subsidiaries which are expected to be adopted before the approval of the annual report of Watermill ApS are not recognised in the reserve for net revaluation.

Minority interests

The accounting items of the subsidiaries are recognised in full in the consolidated financial statements. The minority interests’ proportional share of the results and equity of the subsidiaries is stated as separate items in the allocation of profit/loss and in individual main items under equity.

ACCOUNTING POLICIES (continued)

Impairment of non-current assets
The carrying amount of intangible assets and property, plant and equipment as well as investments in subsidiaries is subject to an annual test for indications of impairment other than the decrease in value reflected by depreciation or amortisation.

Impairment tests are conducted of individual assets or groups of assets when there is an indication that they may be impaired. Write-down is made to the recoverable amount if this is lower than the carrying amount.

Inventories
Inventories are measured at cost in accordance with the FIFO method. Where the net realisable value is lower than cost, inventories are written down to this lower value.

The cost of goods and goods for resale comprise the cost of raw materials, consumables, external production costs and delivery costs.

Receivables
Receivables are measured at amortised cost.

Write-down is made for bad debt losses where there is an objective indication that a receivable or a receivable portfolio has been impaired. If there is objective indication that an individual receivable has been impaired, write-down is made on an individual basis.

Receivables with no objective indication of individual impairment are assessed for objective indication of impairment on a portfolio basis. The portfolios are primarily based on the debtors' registered offices and credit rating in accordance with the Group's credit risk management policy. The objective indicators used in relation to portfolios are based on historical loss experience.

Prepayments
Prepayments comprise costs incurred concerning subsequent financial years.

Corporation tax and deferred tax
Current tax payable and receivable is recognised in the balance sheet as tax computed on the taxable income for the year, adjusted for tax on the taxable income of prior years and for tax paid on account.

Payable and receivable joint tax contributions are recognised in the balance sheet as ”Corporation tax receivable” or ”Corporation tax payable”.

ACCOUNTING POLICIES (continued)

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax base of assets and liabilities. Where alternative tax rules can be applied to determine the tax base, deferred tax is measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets, including the tax base of tax loss carried forward, are recognised at the expected value of their utilisation; either as a set-off against tax on future income or as a set-off against deferred tax liabilities in the same legal tax entity and jurisdiction.

Adjustment is made to deferred tax resulting from elimination of unrealised intra-group profits and losses.

Deferred tax is measured according to the tax rules and at the tax rates applicable in the respective countries at the balance sheet date when the deferred tax is expected to crystallise as current tax.

Liabilities

Financial liabilities are recognised at the date of borrowing at the net proceeds received less transaction costs paid. During subsequent periods, financial liabilities are measured at amortised cost.

Financial liabilities also include the capitalised residual obligation on finance leases.

Other liabilities are measured at net realisable value.

Deferred income

Deferred income comprises payments received concerning income in subsequent years and is measured at amortised cost.

Cash flow statement

The cash flow statement shows the Group's cash flows from operating, investing and financing activities for the year, the year's changes in cash and cash equivalents as well as cash and cash equivalents at the beginning and end of the year.

The cash flow effect of acquisitions and disposals of enterprises is shown separately in cash flows from investing activities. Cash flows from acquisitions of enterprises are recognised in the cash flow statement from the date of acquisition. Cash flows from disposals of enterprises are recognised up until the date of disposal.

ACCOUNTING POLICIES (continued)

Cash flows from operating activities are calculated using the indirect method as profit/loss before tax adjusted for non-cash operating items, changes in working capital, interest received and paid, dividends received as well as corporation tax paid.

Cash flows from investing activities comprise payments in connection with acquisitions and disposals of enterprises and activities, intangible assets, property, plant and equipment and investments.

Entering of finance leases are considered non-cash transactions.

Cash flows from financing activities comprise changes in the size or composition of share capital and related costs as well as the raising of loans, repayment of interest-bearing debt, and payment of dividends to shareholders.

Cash flows relating to assets held under finance lease are recognised as payment of interest and repayment of debt.

Cash and cash equivalents comprise cash as well as securities with less than three months to maturity, which can readily be converted into cash and cash equivalents and which only carry an insignificant risk of changes in value.

INCOME STATEMENT

1 January - 31 December 2022

DKK'000

	Notes	Consolidated 2022	2021
Revenue		285,487	238,155
Cost of sales		-145,625	-117,902
Other external costs		-76,077	-65,392
Gross profit		63,785	54,861
Staff costs	1	-62,486	-59,510
Depreciation, amortisation and impairment, intangible assets and prop., plant and equip.		-2,278	-5,708
Other operating income	2	94,958	3,807
Other operating expenses		0	-1,958
Operating profit/loss		93,979	-8,508
Other financial income		1,113	403
Other financial expenses	3	-12,485	-10,313
Profit/loss before tax		82,607	-18,418
Tax on profit/loss for the year	4	-4,776	4,807
PROFIT/LOSS FOR THE YEAR	5	**77,831**	**-13,611**

BALANCE SHEET at 31 December 2022

DKK'000

ASSETS

	Notes	Consolidated 2022	2021
NON-CURRENT ASSETS			
Intangible assets	6		
Intellectual property rights acquired		36,580	663
Goodwill		247	788
		36,827	1,451
Property, plant and equipment	7		
Land and buildings		98,811	0
Fixtures and fittings, other plant and equipment		24,089	3,170
		122,900	3,170
Investments			
Other receivables	8	4,453	20
		4,453	20
TOTAL NON-CURRENT ASSETS		**164,180**	**4,641**
CURRENT ASSETS			
Inventories			
Finished goods and goods for resale		288,932	24,482
		288,932	24,482
Receivables	9		
Trade receivables		49,937	14,061
Corporation tax receivable		530	209
Deferred tax assets	10	10,185	5,456
Other receivables		14,709	8,103
Prepayments		7,365	5,297
		82,726	33,126
Cash at bank and in hand		99,919	23,139
TOTAL CURRENT ASSETS		**471,577**	**80,747**
TOTAL ASSETS		**635,757**	**85,388**

BALANCE SHEET at 31 December 2022

DKK'000

EQUITY AND LIABILITIES

	Notes	Consolidated 2022	2021
EQUITY			
Share capital		80	80
Other reserves		-2,181	1,826
Retained earnings		-82,092	-114,298
Equity held by the shareholders of the parent company		-84,193	-112,392
Equity held by minority interests		45,823	0
TOTAL EQUITY		**-38,370**	**-112,392**
PROVISIONS			
Other provisions	11	70,646	0
TOTAL PROVISIONS		**70,646**	**0**
LIABILITIES			
Long-term liabilities	12		
Bank loans and overdrafts		21,000	28,000
Capitalised lease payments		239	452
Subordinate loan capital		44,432	42,695
Other payables		5,421	5,392
		71,092	76,539
Short-term liabilties			
Short-term portion of bank loans and overdrafts		7,000	7,000
Short-term portion of capitalised lease payments		207	207
Bank loans and overdrafts		107,399	69,811
Trade payables		244,024	20,383
Corporation tax		8,711	0
Other payables		163,785	23,438
Deferred income		1,263	402
		532,389	121,241
TOTAL LIABILITIES		**603,481**	**197,780**
TOTAL EQUITY AND LIABILITIES		**635,757**	**85,388**

Contractual obligations and contingent liabilities	13
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STATEMENT OF CHANGES IN EQUITY

The company's share capital comprises 80,000 shares of DKK 1 each or multiples hereof.
The share capital consists of the following classes of shares:

70,960 A-shares
3,200 B-shares
5,840 C-shares

The B- and C-shares do not carry any votes.

Changes in equity can be specified as follows:

DKK'000	Share capital	Other reserves	Retained earnings	Equity held by the share-holders of the parent company	Equity held by minority interests	Total equity
Equity at 1 January 2022	80	1,826	-114,298	-112,392	-	-112,392
Adjustment of write down of amounts owed to group enterprises	-	-	363	363	-	363
Transferred through distribution of profit/los	-	-	32,008	32,008	45,823	77,831
Exchange rate adjustments on translation of foreign entities	-	-	-165	-165	-	-165
Adjustment of hedging instruments:	-	-4,007	-	-4,007	-	-4,007
EQUITY AT 31 DECEMBER 2022	80	-2,181	-82,092	-84,193	45,823	-38,370

CONSOLIDATED CASH FLOW STATEMENT for 2022
DKK'000

	Consolidated 2022	Consolidated 2021
Profit before financial income and expenses	93,979	-8,508
Depreciation, amortisation and impairment	2,278	5,708
Acquisition of activities	-93,516	0
Profit/loss from sale of property, plant and equipment	0	-35
Provisions, exchange rate adjustments, etc.	328	0
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE CHANGES IN WORKING CAPITAL	3,069	-2,835
Changes in inventories	-23,240	8,126
Changes in trade receivables, other receivables and prepayments (ex. gains/losses on forward exchange contracts)	-6,128	3,008
Changes in trade payables	8,638	-1,321
Changes in other short-term liabilities (ex. gains/losses on forward exchange contracts)	-9,718	2,052
CASH FLOWS FROM OPERATING ACTIVITIES BEFORE TAX	-27,379	9,030
Interest income, received	1,113	403
Interest expenses, paid	-10,748	-7,226
Corporation tax paid	-333	-72
CASH FLOWS FROM OPERATING ACTIVITIES AFTER TAX	-37,347	2,135
Acquisition of activities	83,723	0
Acquisition of property, plant and equipment (ex. assets held under finance leases)	0	-42
Sale of property, plant and equipment (ex. assets held under finance leases)	0	35
Acquisition of other fixed asset investments	0	-168
Sale of other fixed asset investments	0	297
CASH FLOWS FROM INVESTING ACTIVITIES	83,723	122
Loan from the Fund of Tilgodehavende Feriemidler	29	-149
Changes in bank loans and overdrafts, net	30,588	-3,840
Changes regarding finance leases	-213	-207
CASH FLOWS FROM FINANCING ACTIVITIES	30,404	-4,196
CASH FLOWS FOR THE YEAR	76,780	-1,939
Cash and cash equivalents at the beginning of the year	23,139	25,078
Cash flows for the year	76,780	-1,939
CASH AND CASH EQUIVALENTS AT YEAR END	99,919	23,139
CASH AND CASH EQUIVALENTS AT YEAR END COMPRISE:		
Cash at bank and in hand	99,919	23,139
	99,919	23,139

NOTES

DKK'000

		Consolidated	
		2022	2021
1	**STAFF COSTS**		
	Wages and salaries	54,676	52,239
	Pensions	4,249	4,241
	Other social security costs	3,561	3,030
		62,486	59,510
	Average number of employees	1,132	132

Remuneration and fees for the Executiv Board and the Board of Directions are not disclosed with reference to Section 98b (3) of the Danish Financial Statements Act.

2 SPECIAL ITEMS

The item primarily comprises negative goodwill related to acquisitions of activities in 2022 of DKK 94 million.

		2022	2021
3	**FINANCIAL EXPENSES**		
	Interest on amounts owed by group enterprises	1,108	1,047
4	**TAX ON PROFIT FOR THE YEAR**		
	Tax on profit for the year is computed as follows:		
	Current tax for the year	396	337
	Adjustment of deferred tax for the year	4,399	-5,213
	Adjustment regarding previous years	-19	69
	TOTAL TAX ON PROFIT FOR THE YEAR	4,776	-4,807
5	**PROPOSED DISTRIBUTION OF PROFIT/LOSS:**		
	Retained earnings, BTX Group A/S	32,008	-13,611
	Retained earnings, Minority interests	45,823	0
		77,831	-13,611

NOTES

DKK'000

6 INTANGIBLE ASSETS

	Consoli-dated goodwill	Intellectual property rights acquired	Goodwill
Cost at 1 January 2022	389,302	17,584	7,520
Exchange rate adjustment	0	-15	-170
Addtions through acquisition of activities	0	36,279	0
Cost at 31 December 2022	389,302	53,848	7,350
Amortisation and impairment at 1 January 2022	389,302	16,921	6,732
Exchange rate adjustment	0	0	-162
Amortisation and impairment	0	347	533
Amortisation and impairment at 31 December 2022	389,302	17,268	7,103
CARRYING AMOUNT AT 31 DECEMBER 2022	0	36,580	247

7 PROPERTY, PLANT AND EQUIPMENT

	Land and buildings	Fixtures and fittings, other plant and equipment
Cost at 1 January 2022	0	29,027
Exchange rate adjustment	-41	-45
Additions during the year	0	11
Addtions through acquisition of activities	98,852	22,315
Cost at 31 December 2022	98,811	51,308
Depreciation and impairment at 1 January 2022	0	25,857
Exchange rate adjustment	0	-36
Depreciation and impairment for the year	0	1,398
Depreciation and impairment at 31 December 2022	0	27,219
CARRYING AMOUNT AT 31 DECEMBER 2022	98,811	24,089
Carrying amount of leased assets		456

NOTES

DKK'000

		Consolidated	
		2022	2021
8	**OTHER RECEIVABLES**		
	Cost at 1 January	20	149
	Exchange rate adjustment	-2	0
	Additions during the year	48	168
	Addtions through acquisition of activities	4,390	0
	Disposals during the year	-3	-297
	CARRYING AMOUNT AT 31 DECEMBER	4,453	20
9	**RECEIVABLES**		
	Receivables falling due for payment more than one year after the end of the financial year	34	0

The fair value of forward exchange contracts regarding hedging of future purchase and sale in foreign currencies is included in other recievables at 31 December 2022 at an amount of DKK 2 million and at 31 December 2021 in other payables at an amount of DKK 4 million.

		2022	2021
10	**DEFERRED TAX ASSETS**		
	Balance at 1 January	5,456	3,399
	Adjustments beginning of the year	0	-54
	Adjustments for the year, income statement	-4,399	5,213
	Adjustments for the year, equity	1,131	-3,123
	Adjustments for the year, acquisition of activities	8,014	0
	Exchange rate adjustments	-17	21
	BALANCE AT 31 DECEMBER	10,185	5,456

Deferred tax assets have been recognised with an amount of which, the Management expects to be used within the next 3 years. The Management currently expects an improvement in earnings in 2023 partly driven by initiatives and partly due to acquisition of majority in BTX Italiean Retail and Brands S.r.l..

		2022	2021
11	**OTHER PROVISIONS**		
	Other provisions includes reconstruction costs in relation to the acquisition of majority in BTX Italian Retail and Brands S.r.l.. The provision is expected to be utilized before the end of 2023.	70,646	0
12	**LONG-TERM LIABILITIES**		
	Long-term liabilities falling due after five years as from the end of the financial year	5,421	5,392

Subordinate loan capital comprises amounts owed to group enterprises and shareholders.

NOTES

13 CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

Contingent liabilities

The Group's total commitments under letters of credit amount to DKK 7 millon (2021: DKK 14 million).

Customs guarantees have been provided in the amount of DKK 3 million (2021: DKK 3 million).

Contingent liabilities and warranties other than those above do not exceed DKK 3 million (2021: DKK 2 million).

Operating lease commitments

The Group leases properties and operating equipment under operating leases. The Group's domicile properties are leased on contracts that are interminable both by the Group and the lessor for 1 to 8 years. The leasing period for other assets is typically between 1 and 4 years with the possibility of renewal.

Total non-provided discounted rent liabilities of the Group amount to approx. DKK 533 million (2021: DKK 13 million) of which 32 million are falling due after five years. (2021: DKK 0 million)

Total lease commitments of the Group regarding other operating leases amount to approx. DKK 3 million. (2021: approx. 2 million).

14 MORTGAGES AND SECURITY

As security for the Company's and the Group's overdraft, a floating charge has been granted in receivables, fixtures and fixtures and fittings, tools and equipment, inventories and intellectural property rights of DKK 140 million. (2021: DKK 140 million). The carrying amount of assets used as security amounts to DKK 66 million (2021: DKK 42 million).

As security for the Group's loan in Italy, a mortgages has been granted in Italian inventories. The carrying amount of inventory used as security amounts to DKK 241 million (2021: DKK 0 million).

As security for the Group's future payments, a mortgages has been granted in Group's Italian brands.

NOTES

15 CONTINUED OPERATIONS

In spite of a normalised and more stable global supply chains, management expects markets to remain soft in 2023 as e.g. inflation imposes continued uncertainty in the financial markets. Ignoring the impact of negative goodwill from acquisition of activities in 2022, management currently expects an improvement in result for the year of DKK 5-10 million, as integration and improvement initiatives are being implemented in 2023 in relation to BTX Italian Retail and Brands S.r.l..

The Company operates with a 12 month bank facility agreement that expires end November. The facility agreement is up for renewable once a year next time in November 2023. With the expected earnings in 2023, management feel comfortable to have sufficient liquidity throughout the year.

Due to the ownership structure, banking arrangement and liquidity is managed independently of BTX Group A/S. BTX Italian Retail and Brands S.r.l. was acquired without any financial facilities. Financial facility agreement in BTX Italian Retail and Brands S.r.l. is currently in process. It has been a protracted process due to newly incorporation, changed financial year etc.. The process is close to finalisation and is expected to be completed within few weeks from signing of the annual report 2022, but it is still not secured.

Management has chosen to present the accounts on the assumption of going concern.

16 CURRENCY RISKS AS WELL AS USE OF DERIVED FINANCIAL INSTRUMENTS

The Group uses forward exchange contracts to cover the Group's risks related to variability in cash flows due to fluctuations in exchange rates.

The Group has entered forward exchange contracts at 31 December 2021 to hedge future purchases of USD 13,9 million totalling DKK 95 million (2021: USD 14,6 millions totalling DKK 90 million) and sale of NOK 33,0 millions and SEK 32,5 million totalling DKK 46 millions.(2021: NOK 36,4 million and SEK 30,2 million totalling DKK 48 million)

17 RELATED PARTY TRANSACTIONS

Watermill ApS has registered the following shareholders holding 5% or more of the share capital:

Grow Capital Global Holdings Pte. Ltd.

JR Invest Holding 2019 ApS

Related parties with significant influence include group companies and Boards of Directors and the Executive Boards of the companies. Related party transactions are conducted under normal market conditions.

NOTES

18 GROUP CHART

Company	*Reg. office*	*Country*
Watermill ApS	Brande	Denmark
Group enterprises, wholly-owned		
Holdingselskabet af 24. februar 2006 A/S	Brande	Denmark
BTX Group A/S	Brande	Denmark
BTX Apparel Ltd.	Thornaby	England
BTX Norge AS	Oslo	Norway
BTX Netherlands B.V.	Almere	The Netherlands
Apparel Innovation LLC Ivanjica	Belgrade	Serbia
BTX Apparel India Private Limited	New Delhi	India
BTX Italy	Milan	Italy
BTX Eapparels Ltd.	London	England
Group enterprises, 51% owned		
BTX Italien Retail and Brands S.r.l..	Milan	Italy

INCOME STATEMENT
1 January - 31 December 2022
DKK'000

	Notes	Parent company 2022	Parent company 2021
Other external costs		-1,210	-1,013
Gross profit		-1,210	-1,013
Staff costs	1	-6,927	-6,489
Other operating income		8,800	7,550
Other operating expenses		0	0
Operating income		663	48
Profit from investments after tax in group enterprises		33,771	-11,240
Other financial income	2	267	263
Other financial expenses	2	-2,693	-2,682
Profit/loss before tax		32,008	-13,611
Tax on profit/loss for the year	3	0	0
PROFIT/LOSS FOR THE YEAR	4	**32,008**	**-13,611**

BALANCE SHEET at 31 December 2022

DKK'000

ASSETS

	Notes	Parent company 2022	Parent company 2021
NON-CURRENT ASSETS			
Investments	5		
Investments in group enterprises		0	0
		0	0
TOTAL NON-CURRENT ASSETS		**0**	**0**
CURRENT ASSETS			
Receivables			
Amounts owed by group enterprises	7	0	0
Prepayments		4	0
		4	0
Cash at bank and in hand		71	158
TOTAL CURRENT ASSETS		**75**	**158**
TOTAL ASSETS		**75**	**158**

BALANCE SHEET at 31 December 2022

DKK'000

EQUITY AND LIABILITIES

	Notes	Parent company 2022	Parent company 2021
EQUITY			
Share capital		80	80
Retained earnings		-84,273	-112,472
TOTAL EQUITY		**-84,193**	**-112,392**
PROVISIONS			
Other provisions	7	37,591	65,324
TOTAL PROVISIONS		**37,591**	**65,324**
LIABILITIES			
Long-term liabilities	8		
Subordinate loan capital		44,432	42,695
Other payables		464	449
		44,896	43,144
Short-term liabilities			
Trade payables		28	161
Other payables		1,517	3,685
Deferred income		236	236
		1,781	4,082
TOTAL LIABILITIES		**46,677**	**47,226**
TOTAL EQUITY AND LIABILITIES		**75**	**158**

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STATEMENT OF CHANGES IN EQUITY

The company's share capital comprises 80,000 shares of DKK 1 each or multiples hereof.
The share capital consists of the following classes of shares:

70,960 A-shares
3,200 B-shares
5,840 C-shares

The B- and C-shares do not carry any votes.

Changes in equity can be specified as follows:

DKK'000	Share capital	Retained earnings	Total
Equity at 1 January 2022	80	-112,472	-112,392
Adjustment of write down of amounts owed to group enterprises	-	363	363
Transferred through distribution of profit/loss	-	32,008	32,008
Other adjustments on equity	-	-4,172	-4,172
EQUITY AT 31 DECEMBER 2022	80	-84,273	-84,193

NOTES

DKK'000

		Parent company	
		2022	2021
1	**STAFF COSTS**		
	Wages and salaries	6,372	5,939
	Pensions	532	525
	Other social security costs	23	26
		6,927	6,489
	Average number of employees	4	4
2	**FINANCIAL INCOME AND EXPENSES**		
	Interest income from group enterprises	267	263
	Interest payable to group enterprises	1,108	1,108
3	**TAX ON PROFIT FOR THE YEAR**		
	Tax on profit for the year is computed as follows:		
	Current tax for the year	0	0
	Adjustment of deferred tax for the year	0	0
	TOTAL TAX ON PROFIT FOR THE YEAR	0	0
4	**PROPOSED DISTRIBUTION OF PROFIT/LOSS**		
	Retained earnings	32,008	-13,611
		32,008	-13,611

NOTES

DKK'000

5 INVESTMENTS

	Parent company	
	2022	2021
Investments in group companies		
Cost at 1 January	69,341	69,341
Cost at 31 December	69,341	69,341
Adjustments at 1 January	-157,550	-157,535
Adjustment of write down of amounts owed to group enterprises	363	0
Fair value adjustments after tax of forward exchange contracts	-4,007	11,061
Exchange rate adjustments on translation of foreign entities	-165	164
Share of profit/loss for the year	33,771	-11,240
Adjustments at 31 December	-127,588	-157,550
CARRYING AMOUNT AT 31 DECEMBER	-58,247	-88,209

Investments in group enterprises are recognised in the balance sheet in the following items:

	2022	2021
Investments in group enterprises recognised in investments	0	0
Investments with negative net asset value transferred to provisions	-58,247	-88,209
	-58,247	-88,209

Name and reg. office	Vonting rights and equity interest
Holdingselskabet af 24. februar 2006 A/S, Brande, Denmark	100%

NOTES

DKK'000

		Parent company	
		2022	2021
6	**DEFERRED TAX ASSETS**		
	Balance at 1 January	0	0
	Adjustment for the year, income statement	0	0
	BALANCE AT 31 DECEMBER	0	0
7	**OTHER PROVISIONS**		
	Provisions relating to investments in group enterprises:		
	Amounts owed by group enterprises	-20,656	-22,885
	Investments with negative net asset value transferred to provisions	58,247	88,209
		37,591	65,324
8	**LONG-TERM LIABILITIES**		
	Long-term liabilities falling due for payment 5 years after the end of the financial year	464	449

Long-term liabilities comprise amounts owed to group companies and shareholders.

9 CONTRACTUAL OBLIGATIONS AND CONTINGENT LIABILITIES

Contingent liabilites

The parent company has provided guarantees for the Group's overdraft.

The parent company functions as administrative company for the jointly taxed group companies and has joint and several liability for the taxes relating to the joint taxation.

10 MORTGAGES AND SECURITY

The shares in Holdingselskabet af 24.februar 2006 A/S have been provided as security for the Group’s overdrafts.

NOTES

11 CONTINUED OPERATIONS

In spite of a normalised and more stable global supply chains, management expects markets to remain soft in 2023 as e.g. inflation imposes continued uncertainty in the financial markets. Ignoring the impact of negative goodwill from acquisition of activities in 2022, management currently expects an improvement in result for the year of DKK 5-10 million, as integration and improvement initiatives are being implemented in 2023 in relation to BTX Italian Retail and Brands S.r.l..

The Company operates with a 12 month bank facility agreement that expires end November. The facility agreement is up for renewable once a year next time in November 2023. With the expected earnings in 2023, management feel comfortable to have sufficient liquidity throughout the year.

Due to the ownership structure, banking arrangement and liquidity is managed independently of BTX Group A/S. BTX Italian Retail and Brands S.r.l. was acquired without any financial facilities. Financial facility agreement in BTX Italian Retail and Brands S.r.l. is currently in process. It has been a protracted process due to newly incorporation, changed financial year etc.. The process is close to finalisation and is expected to be completed within few weeks from signing of the annual report 2022, but it is still not secured.

Management has chosen to present the accounts on the assumption of going concern.

12 RELATED PARTY TRANSACTIONS

Watermill ApS has registered the following shareholders holding 5% or more of the share capital:
Grow Capital Global Holdings Pte. Ltd., 17 Phillip Street # 05-01, Grand Building, 048695 Singapore
JR Invest Holding 2019 ApS, Enggårdstoften 121, DK-7120 Vejle Øst

Related parties with significant influence comprise group companies and the parent company’s Executive Board. Related party transactions are conducted under normal market conditions.

13 CASH FLOW STATEMENT

For information on cash flows please see the consolidated financial statements.